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Industrial Distribution

A CAHNERS PUBLICATION

November 1987

Hotline:
Rising inventories may reduce profitability

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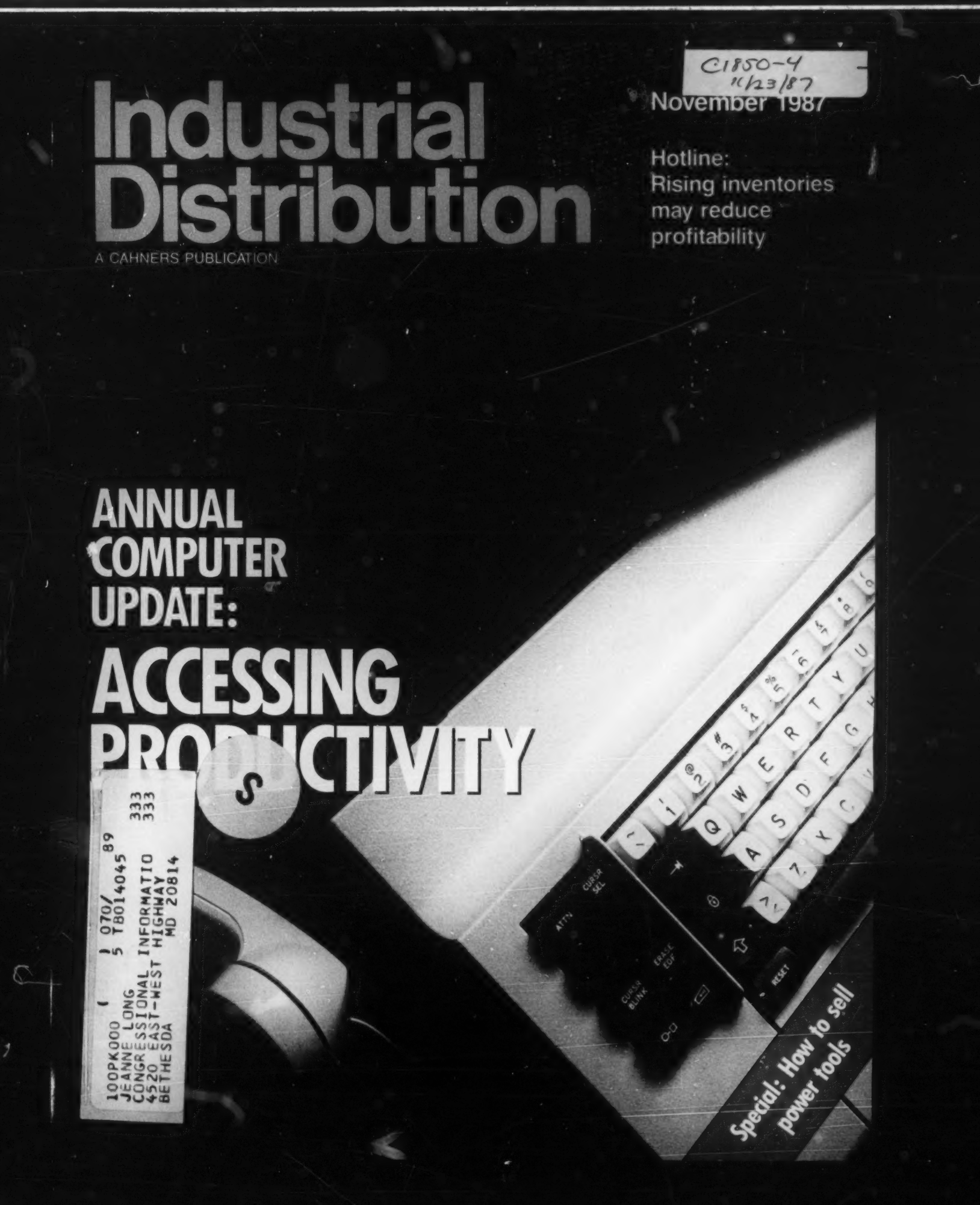

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Special: How to sell power tools

ID Industrial Distribution®

Vol. 76, No. 11/76th yr. A CAHNERS PUBLICATION November 1987

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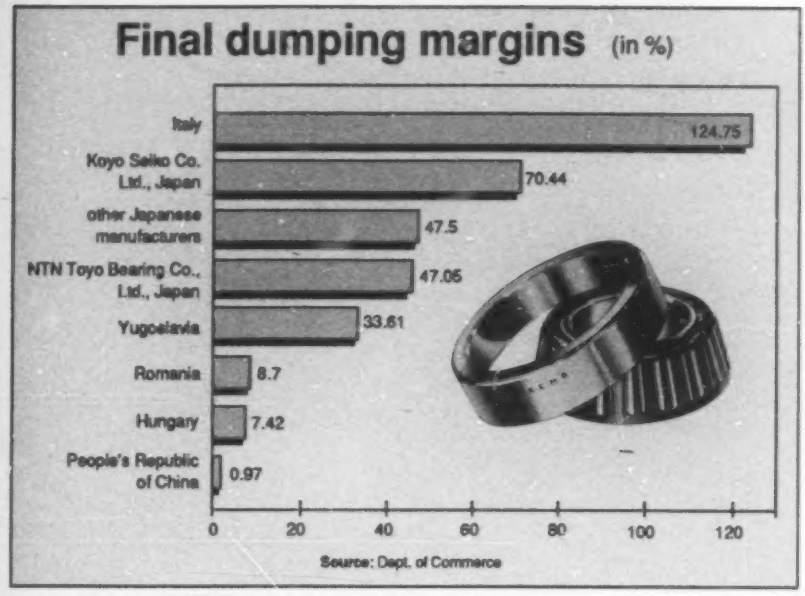
INDUSTRY NEWS

ITC rules Japan dumped tapered roller bearings



Final dumping margins have been set by the Dept. of Commerce (DOC) in the Timken anti-dumping case. The numbers are the DOC's estimate of the average amount by which tapered roller bearings sold at less than fair value.

WASHINGTON, DC—The International Trade Commission (ITC) ruled 5 to 0 on Sept. 15 that Japanese manufacturers damaged American industry by dumping imports of tapered roller bearings on the U.S. market.

The ruling means Japanese manufacturers must deposit dumping duties on all current and future imports of tapered roller bearings.

The ITC decision was the final leg of a 16-month anti-dumping suit filed by the Timken Co., Canton, OH. Earlier this year, the Federal government ruled against Hungary, Romania, Yugoslavia, the People's Republic of China, and Italy.

Scott Scherf, a Timken Co. spokesman, said Timken pursued the lawsuit because it had been losing market share to foreign competition since the 1982 recession.

"We filed the suit because we decided that the company could not go on in this unfair trading environment," Scherf said. "Most of our slight profit last year was due to accounting changes, as opposed to increased market share."

George LaMore, president of Bearings, Inc., Cleveland, OH, a distributor of tapered roller bearings, said the decision should eliminate some price discrepancies in the field.

LaMore said between the ITC ruling and the industry's Section 232 petition, which asks the Federal government to impose quotas on imports, the industry may be able to make some progress against foreign competition.□

Congress reviewing tax on out-of-state sales

WASHINGTON, DC—The House Ways and Means Committee is reviewing a bill that would require mail order merchandisers to collect sales taxes from their out-of-state customers.

The bill, which is aimed at retailers but impacts industrial distributors, would overturn a 1967 Supreme Court ruling that prevents states from collecting sales taxes from out-of-state businesses.

The court said an out-of-state seller is not required to collect taxes unless it has a business presence in the state. It ruled that merely sending catalogs or delivering products into a state is not enough to establish such a presence.

Robert G. Clifton, executive vice president of the National Industrial Distributors Assn., said the bill, if passed, would have a significant impact on distributors, many of whom sell through catalogs. He noted that distributors would be burdened by the additional paperwork generated by collecting sales taxes.

Rep. Byron Dorgan (D-ND), the bill's sponsor, said state governments lost nearly $2 billion in 1986 because mail order merchandisers did not collect state sales taxes. He said the losses range from a high of $318 million a year in California to a low of $2.4 million a year in Wyoming.

The bill impacts 45 states and the District of Columbia. The only states without sales taxes are Alaska, Delaware, Montana, New Hampshire, and Oregon.

Robert Lovering, a spokesman for the Direct Marketing Assn., Washington, DC, said the tax is inefficient. He said the cost of collecting sales tax by mail is six times greater than through the cash register. He also said that the increased cost of the sales tax could negatively impact the profit margins of most direct mailers by about 25%.

Shirley Zebroski, a spokeswoman for Congressman Dorgan, explained that the impetus for the bill is twofold. First, since Federal gov-

INDUSTRY NEWS...

at Texas A&M, will speak on business communications.

Other program speakers include takeover expert Stan Sanderson, Jr., whose subject is placing value on a business, and Ted Cohn, author of *Compensating Key Executives in the Smaller Company*.

For more information, call STAFDA at (414) 784-4774.□

Samek to highlight Central States convention

CHICAGO, IL—Industry consultant Steven M. Samek will be the featured speaker at the 55th Annual Central States Industrial Distributors Assn. convention, which runs from Nov. 22-23 at Chicago's

[continued on page 21]

Indicators

The *NIDA/SIDA Industrial Distribution Index*, which follows the sales of industrial maintenance, repair and operating equipment, experienced a slight increase in August, rising to 151.5. Two of the four reporting geographic regions sustained increases, one declined and the other held steady; the East was down 1.9 to 140.2, the Midwest was up 2.9 to 126.9, the West was up 5.7 to 187.2, and the South was unchanged at 189.6. Overall, the August 1987 number of 151.5 was up 3.2 points from August 1986 . . . The *NIDA/SIDA Industrial Supply Inflation Index* (1977=100) stood at 166.5 for August, up 0.2 points, or 0.1%, from the previous month and up 1.5 points, or 0.9%, from August 1986 . . . *SIDA's Monthly Sales Trend Report* for July showed mixed results. The 89 reporting locations showed a 3.2% decrease in sales from July 1987 as compared with June 1987, but a 4.4% sales increase from July 1987 as compared with July 1986, and a 3.2% sales increase for the first 7 months of 1987 as compared with the first 7 months of 1986. In addition, 30 locations reported increases in sales from July 1987 as compared with June 1987, 52 locations reported increased sales from July 1987 as compared with July 1986, and 46 locations experienced sales increases for the first 7 months of 1987 as compared with the first 7 months of 1986 . . . *The ASMMA Two-Month Moving Average Index of New Orders, seasonally adjusted*, at 124.6 for July, was 1.7 points lower than in June 1987 . . . *The Federal Reserve Board's Durable Manufacturers Index, seasonally adjusted*, which tracks the performance of the industrial production of durable goods, was up 2.4 points in July to 132.0.□

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